

TRANSPORTATION REPORT

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CHS to Invest in Four Grain Shuttle Loading Facilities in Three States

CHS Inc. (Nasdaq: CHSCP), a Fortune 100 energy, grains and foods company, has announced letters of intent with local grain partners to build state-of-the-art shuttle train loading elevators in Montana, Nebraska and North Dakota, with completions estimated over the next 12 to 18 months.

"The CHS commitment to growers includes endeavors like this where we reinvest back into our communities," said John McEnroe, senior vice president, Country Operations division of CHS. "With new or updated facilities, producers in these communities not only get faster service when they need to move their grain, but they will also benefit from increased market access, particularly to export customers served out of the Pacific Northwest.

"It's a very tangible way CHS returns value to its member-owners," he adds.

CHS Country Operations has a preliminary agreement for construction in place with Farmers Union Elevator Co., New Salem, N.D. There is also an agreement between All Points Cooperative, Gothenburg, Neb.; Farmers Cooperative Grain Company, Merna, Neb.; and the CHS Agri-Service Center, Holdrege, Neb.; for a facility in the Custer County area. In addition, CHS has expansion plans to accommodate 110-car trains at its Kershaw, Mont., location as well as its facility in Lakota, N.D., operating under Lake Region Grain.

Facilities will all be located on a BNSF rail line and first construction could start as early as May 2011.

CHS Inc. (<http://www.chsinc.com/>) is a diversified energy, grains and foods company committed to providing the essential resources that enrich lives around the world. A Fortune 100 company, CHS is owned by farmers, ranchers and cooperatives, along with thousands of preferred stockholders across the United States. CHS supplies energy, crop nutrients, grain, livestock feed, food and food ingredients, along with business solutions including insurance, financial and risk management services. The company operates petroleum refineries/pipelines and manufactures, markets and distributes Cenex® brand refined fuels, lubricants, propane and renewable energy products. CHS is listed on the NASDAQ at CHSCP

In Arkansas Electric Cooperative Corporation-Petition for Declaratory Order, Docket No. FD 35305 – STB Finds BNSF Approach as not reasonable

The Surface Transportation Board today acknowledged that coal dust poses a serious problem for railroad safety and operations, but found that BNSF Railway Company's attempt to mitigate those problems was not reasonable.

Arkansas Electric Cooperative Corp. had asked the board to prevent BNSF from using a rail side emission monitoring system that sought to measure coal dust blowing from the top of coal cars. If a certain emission standard was exceeded, the shipper of the cars would have been subject to unspecified enforcement measures.

The Board acknowledged the safety and maintenance issues brought on by coal dust fouling track ballast. And it found that BNSF may require shippers to take "reasonable measures" to address the problem. But the Board found the provisions of BNSF's tariff "not reasonable" given the level of uncertainty and the available methods to control coal dust.

"Under the challenged tariff, the railroad would accept rail cars loaded with coal and then inform coal shippers at a later date whether and to what extent coal dust was released during transport," the decision said. "In addition, the tariff does not explain what consequences coal shippers would face if they are found to have tendered loaded coal cars to the railroad that subsequently released coal dust during transport. The challenged tariff also does not acknowledge any steps that, if taken by a shipper before coal cars are tendered to the railroad, would guarantee that the shipper would be deemed in compliance with the tariff."

The decision went on to say, "Rather than using this decision to define a specific, government-approved approach to the problem at hand, we expect the railroads and their customers will collaborate to develop a solution that guarantees that loaded rail cars are fit for safe travel, while also ensuring that commodity spillage during transport is minimized.

According to the coal shippers (mainly utilities) they had on repeated occasions tried to develop constructive dialogue with railroad on this issue but the railroad which possesses virtual monopolies over the Powder River coal movements – showed little interest in considering plans that would deviate from the plan dictated by the railroad. Since the STB found the railroad proposed practice as an unreasonable practice, the railroad will have to reconsider this 'my way' only approach.